



Office of the City Manager

CONSENT CALENDAR
December 15, 2009

To: Honorable Mayor and Members of the City Council

From:  Phil Kamlarz, City Manager

Submitted by: Bob Hicks, Director, Finance

Subject: Contract No. 6547 Amendment: City-Wide Bank Services – Wells Fargo Bank

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute an amendment to Contract No.6547 with Wells Fargo Bank to provide a comprehensive range of financial services to the City for the period of December 1, 2009 through October 30, 2012, and increasing the contract by \$650,000, for a total not to exceed \$1,200,000.

FISCAL IMPACTS OF RECOMMENDATION

Over the past five-year period, the City has been operating with a contract with Wells Fargo Bank, and during this period the city has increased the scope numerous times in order to consolidate the City's banking operations. Over the years, the City expanded its revenue base, which resulted in more deposits, more cost centers, more processing equipment and additional armored car services. The City also needed to timely monitor and accurately account for deposits, payment and reconciliation activities, return items, and adjustments, including offsite City locations and third-party administrators/contractors' cash handling operations (COBRA dental contractor and the workers compensation management contractor). To improve efficiency and controls, the City had to replace other bank accounts with the Wells Fargo Bank accounts.

These expenses are made from the General Fund and the Parking Meter enterprise fund on an annual basis for the proposed three-year period. Funds are budgeted in 010-3102-410.3032 and 010-3103-410.3032 (Treasury and Systems Support/Banking Services) and 840-3401-410.3032 (Parking Meter Fund/Banking services).

CURRENT SITUATION AND ITS EFFECTS

On July 13, 2004, the City Council approved the banking services contract with Wells Fargo Bank for a three-year contract, and allocated funds in the amount of \$330,000, with an option for two 1-year extensions for a total five-year contract amount not to exceed \$550,000. The extended contract expired on November 1, 2009. The City Manager has approved a two-month extension with Wells Fargo Bank until December 31, 2009.

In addition to the banking services already provided by Wells Fargo, there is a need for comprehensive online banking services and more armored car services for deposits of City coins on a daily basis. City staff is already trained on the Wells Fargo Bank online system. In addition, there are competing demands on City resources, which will make a time-consuming Request For Proposal (RFP), selection, and implementation process for a new vendor impractical at this time. The extension of the contract with Wells Fargo eliminates this conversion cost. Another advantage to extending the contract is that the City is getting the best credit card processing rate through Wells Fargo Bank, which has a master contract with the State of California. The extension is also conducive to launching the City's next major banking project – online payments via the internet. Therefore, the City Manager is recommending that the City amend the existing contract with Wells Fargo Bank for another three-year period.

BACKGROUND

On July 13, 2004, the City Council allocated funds and approved the banking services contract with Wells Fargo Bank for a three-year contract in the amount of \$330,000, with an option for two 1-year extensions for a total five-year contract amount not to exceed \$550,000. The extended contract expired on November 1, 2009. The City Manager has approved a two-month extension with Wells Fargo Bank until December 31, 2009. Prior to the Wells Fargo Bank contract, the City had been contracting with Bank of the West for twelve years. However, Bank of the West did not offer the comprehensive banking services the City needed.

RATIONALE FOR RECOMMENDATION

The current Wells Fargo Bank provides services that are meeting City banking needs, and Wells Fargo Bank continues to introduce new services that are beneficial to the City's ability to manage money. Based on staff's communications with other Bay Area cities, competitors in the current banking market offering similar services are very limited. This is consistent with the very few responses the City received for the last banking services RFP issued in 2004.

ALTERNATIVE ACTIONS CONSIDERED

The City can elect to issue a RFP for bank services in a year. But the alternative will require significant resources in the selection, implementation and staff training for new services, when resources are already very limited due to current economic condition and budget constraints. In addition, it would delay the implementation of the online payments project.

CONTACT PERSON

Jenny Chew, Systems Accountant, 981-7306

Attachments:
1: Resolution

RESOLUTION NO. ##,###-N.S.

CONTRACT NO 6547 AMENDMENT: WELLS FARGO BANK FOR FINANCIAL SERVICES.

WHEREAS, comprehensive banking services are needed throughout the city; and

WHEREAS, a Request for proposal (Specification F-9028-04) was duly advertized in February 2004; and

WHEREAS, Wells Fargo Bank submitted the most comprehensive proposal for providing the requested banking services that the city needed; and

WHEREAS, on July 13, 2004, The City Council authorized the City Manager to execute a three-year agreement with Wells Fargo Bank and authorized the City Manager to extend the contract for two one-year periods through June 30, 2009, for a not to exceed amount of \$550,000; and

WHEREAS, the City Manager approved a two-month extension with Wells Fargo Bank until December 31, 2009; and

WHEREAS, adequate funds are budgeted in 010-3102-410.3032 and 010-3103-410.3032 (Treasury and Systems Support/Banking Services), 840-3401-410.3032 (Parking Meter Fund/Banking services).

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute an amendment to Contract No. 6547 with Wells Fargo Bank for a comprehensive range of financial services in the amount of \$650,000 for a revised contract amount not to exceed \$1,200,000 and extending the contract term to December 31, 2012.

